



Billing Code 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal Nos. 12-40)

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Ms. B. English,
DSCA/DBO/CFM, (703) 601-3740.

The following is a copy of a letter to the Speaker of the House of Representatives,
Transmittal 12-40 with attached transmittal, and policy justification.

Dated: November 13, 2012.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

NOV 02 2012

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 12-40, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to the United Arab Emirates for defense articles and services estimated to cost \$1.135 billion. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, reading "William E. Landay III", is positioned below the word "Sincerely,".

William E. Landay III
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology
4. Regional Balance (Classified Document Provided Under Separate Cover)



Transmittal No. 12-40

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: United Arab Emirates

(ii) Total Estimated Value:

Major Defense Equipment*	\$1.110 billion
Other	<u>.025 billion</u>
Total*	\$1.135 billion

(iii) Description and Quantity of Articles or Services under Consideration or Purchase: 48 Terminal High Altitude Area Defense (THAAD) missiles, 9 THAAD launchers; test components, repair and return, support equipment, spare and repair parts, personnel training and training equipment, publications and technical data, U.S. Government and contractor technical assistance, and other related logistics support.

(iv) Military Department: Missile Defense Agency through Army (UAF, Amd #2)

(v) Prior Related Cases, if any: FMS case UAF-\$3.5M-27Dec11

(vi) Sales Commission, Fee, etc., Paid, Offered, or agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex.

(viii) Date Report Delivered to Congress: 2 November 2012

*as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

United Arab Emirates – Terminal High Altitude Area Defense System Missiles (THAAD)

The Government of the United Arab Emirates (UAE) has requested a possible sale of 48 Terminal High Altitude Area Defense (THAAD) missiles, 9 THAAD launchers; test components, repair and return, support equipment, spare and repair parts, personnel training and training equipment, publications and technical data, U.S. Government and contractor technical assistance, and other related logistics support. The estimated cost is \$1.135 billion.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a friendly country that has been, and continues to be, an important force for political stability and economic progress in the Middle East.

This proposed sale will help strengthen the UAE's capability to counter current and future threats in the region and reduce dependence on U.S. forces.

The proposed sale of these missiles and equipment will not alter the basic military balance in the region.

The principal contractors will be Lockheed Martin Space Systems Corporation in Sunnyvale, CA and Raytheon Corporation in Andover, MA. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will not require the assignment of any additional U.S. Government or contractor representatives to the UAE.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

Annex
Item No. vii

(vii) Sensitivity of Technology

1. The Terminal High Altitude Area Defense System (THAAD) is the first weapons system with both endo and exo atmospheric capability developed specifically to defend against ballistic missiles. The higher altitude and theater wide protection offered by THAAD provides more protection of larger areas than lower-tier systems alone. THAAD is designed to defend against short, medium, and intermediate range ballistic missiles. The THAAD system consists of four major components: Fire Control/Communications, Radar, Launchers and Interceptors.

2. THAAD contains classified Confidential/Secret components and critical/sensitive technology. This critical/sensitive technology is primarily in the area of design and production know-how and primarily inherent in the design, development and/or manufacturing data related to certain critical components. Information on operational effectiveness with respect to countermeasures, low observable technologies, select software documentation and test data are classified up to and including Secret.

3. If a technologically advanced adversary were to obtain knowledge of specific hardware, the information could be used to develop countermeasures which might reduce weapons system effectiveness or be used in the development of a system with similar or advanced capabilities.

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